GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1396
ANSWERED ON:03.03.2000
DIRECT TAX GDP RATIO
MOHAN RAWALE

Will the Minister of FINANCE be pleased to state:

(a) the direct tax/GDP ratio as on date;

(b) how it compares to that prevalent in 1990-91; (

(c) the reasons for low direct tax/GDP ratio; and

(d) the steps taken to increase this ratio ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI V. DHANANJAYA KUMAR)

(a): The Direct tax/GDP ratio for the year1999-2000 is 3.01% taking into account the proposed Revised Estimates of Direct Tax Collection.

(b): It compares favorably since the tax/GDP ratio for 1999-2000 is 3.01% as against 2.06% for the year 1990-91.

(c): The relatively low direct tax/GDP ratio in India is largelydue to the narrowness of the tax base and a greater reliance on indirect taxes for various reasons.

(d): Various significant steps have been taken to further increase this ratio like widening of tax base, enlarging the ambit of TDS provisions, computerisation of tax administration, strengthening of tax recovery measures etc.